



15 January 2009

Our ref: ICAEW REP 05/09

Your ref:

Mr. Stig Enevoldsen  
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EFRAG  
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By email: [commentletter@efrag.org](mailto:commentletter@efrag.org)

Dear Stig

## **INVESTMENTS IN DEBT INSTRUMENTS (PROPOSED AMENDMENTS TO IFRS 7)**

The Institute of Chartered Accountants in England and Wales (the ICAEW) welcomes the opportunity to comment on EFRAG's draft comment letter, published in December 2008, on the IASB exposure draft *Investments in Debt Instruments (Proposed Amendments to IFRS 7)*.

We have already provided you with a copy of our draft submission to the IASB. Neither that draft nor this letter have been through our normal due process, but I am confident that both substantively reflect our views.

Our responses to the main issues highlighted by EFRAG and to the 'Questions to Constituents', and two other comments are set out below. Our draft response to the IASB gives further explanations of our views.

### **EFRAG's Main Points**

- **We believe the IASB should not proceed with them at the pace and with the implementation timetable that is proposed - in annual periods ending on or after 15 December 2008.**

We agree that the proposed effective date is too early. We suggest that the effective date should allow a reasonable period for implementation with permitted early adoption, given the problems preparers will face in producing the information.

- **We are inclined to the view that the IASB should undertake further analysis and consideration before bringing forward even disclosure proposals in this area.**

While we understand EFRAG's concerns about the abandonment of due process, in our view the available-for-sale impairments issue is genuinely urgent, and perhaps credit should be given to the IASB for its attempt to address the concerns as quickly as possible. The fair value for amortised cost issue is less urgent and also could require fairly extensive systems changes, so it seems appropriate to have a full due process in order to complete a proper cost/benefit analysis.

### **EFRAG's Questions to Constituents**

**In paragraph (b) above we stated that it might not be correct to assume that no new information needs to be gathered to provide the additional disclosures. Do you agree? If so, could you provide examples?**

We agree that some new - and not readily available - information will often need to be gathered in order to provide the additional disclosures. For example, entities can meet the existing IFRS 7 requirement to disclose fair value without tracking additions and disposals on a fair value basis. Please see particularly paragraph 7 of our draft response to the IASB.

**We are inclined to the view that the IASB should undertake further analysis and consideration before bringing forward even disclosure proposals in this area.**

Please see our comments above.

### **Other comments**

We understand EFRAG's point about the time it will take to endorse the proposed new standard in the EU. However, there is nothing to prevent entities from making additional disclosure and claiming compliance with both endorsed IFRS and full IFRS.

We have doubts about the proposal to make the disclosures voluntary. This increases complexity, and a user would be unsure whether the entity did not make the disclosure because of timing problems and/or data gaps or because it simply does not want to disclose the information. Our proposed solution is to set a sensible required implementation date and allow early adoption.

Please contact me if you would like to discuss any of the points we have raised.

Yours sincerely

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